

**SELECT COMMITTEE ON DEFERRED COMPENSATION**

**Monday, March 21, 2005 – 10:00 a.m.**

**Milwaukee County Courthouse - Room 203-P**

**MINUTES**

CASSETTE #5: Side A, #1-END; Side B, #1-#638

PRESENT: Mary Ann Grimes, Steve Cady, Emily Van Dunk, Rick Ceschin and Veronica Britt

**SCHEDULED ITEMS:**

**Mary Ann Grimes in the Chair.**

1. 05DC2 Election of Chairperson.

A-18 The Acting Chair (Grimes) asked for nominations for the position of Chairperson of the Select Committee on Deferred Compensation.

Mr. Ceschin nominated Steve Cady, which nomination was seconded by Ms. Van Dunk. No other nominations were made. Mr. Ceschin then moved to close nominations.

**Thereafter, Steve Cady was elected Chairperson by unanimous vote.**

**\*\* CLOSED SESSION \*\***

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).**

2. 05DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

**There were no appeals.**

**\*\*\*\*\***

### SCHEDULED ITEMS (CONTINUED):

3. 05DC3 Discussion and action on whether to renew the existing online advice product (Financial Engines Investment Advisors) or to replace it with a new investment advisory service called Reality Investing.

A-50

**APPEARANCES:**

Paul A. Corchado, Great West Retirement Services

Committee members were provided with materials for both investment advisory services, copies of which are attached to the original of these minutes.

Mr. Corchado briefly compared the two services.

Ms. Britt indicated that she researched this matter and provided the Committee with a one-page handout that contained some background on the existing service and reasons why the Department of Human Resources recommends a change from Financial Engines Investment Advisors to Reality Investing. A copy of the handout is attached to the original of these minutes.

Discussion ensued regarding transition between the two services, how participants would be notified of such a change, and contract terms.

***ACTION BY: (Britt) Terminate the existing contract with Financial Engines Investment Advisors and enter into a new contract with Reality Investing to commence April 1, 2005 through December 31, 2005, or when the contract with Great West Retirement Services is up for renewal, with the understanding that a direct mailing is done to all participants notifying them of this change, which should also be communicated on the website. (Motion seconded by Ceschin.)***

Mr. Ceschin asked that information come back on the steps taken to implement this new plan, including how participants were contacted and how participants will enroll in the new plan.

**Vote: 5-0**

**AYES:** Grimes, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

**NOES:** 0

4. 05DC4 From Great West Retirement Services, recommending termination of the Vanguard Institutional Index Fund and Vanguard Total Stock Market Index Fund as investment options to be replaced with four new Barclay's Global Investors (BGI) index funds.

## SCHEDULED ITEMS (CONTINUED):

A-330

### **APPEARANCES:**

Paul A. Corchado, Great West Retirement Services  
Supervisor Willie Johnson, Jr.  
Russell Ivanjack, Ennis Knupp & Associates

Committee members were provided with general information regarding BGI funds, performance information relating to certain BGI funds, and a communication from Ennis Knupp regarding Vanguard Index Fund benchmark changes, copies of which are attached to the original of these minutes.

Mr. Corchado briefly summarized how Great West came to recommending the addition of the BGI index funds and termination of the two Vanguard index funds.

Supervisor Johnson expressed concern regarding the proposed change.

Discussion ensued at length.

Committee members expressed various concerns with Great West's recommendation.

Chairman Cady commented that it would be appropriate for Ennis Knupp to put in writing an analysis of what was verbally presented by Mr. Ivanjack and also include other factors that the Committee might feel are important in weighing this potential switch to BGI. Such information could be scheduled at the Committee's next meeting for further review and discussion.

Mr. Ceschin added that Ennis Knupp should recap the reasons why a small mid-cap index fund and an international index fund are being recommended.

Mr. Ivanjack was amenable to reporting back to the Committee as outlined above.

***ACTION BY: (Ceschin) Lay over with a request for additional information from Ennis Knupp and Great West Retirement Services. (Motion seconded by Grimes.) 5-0***

**AYES:** Grimes, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

**NOES:** 0

5. 05DC5 Discussion and possible action on opening of window to allow participants the ability to transfer assets from the Stable Value Fund to the investment options of their choice without restriction.

## SCHEDULED ITEMS (CONTINUED):

A-600

### **APPEARANCES:**

Paul A. Corchado, Great West Retirement Services  
Russell Ivanjack, Ennis Knupp & Associates

Mr. Corchado raised the question of whether or not the Committee wants to approve a 30-day window to allow participants the ability to transfer assets from the Stable Value Fund without restriction. A similar window was open in 1999.

Chairman Cady pointed out that the Committee, at its meeting on August 24, 2004, requested an investor report from Ennis Knupp on this matter and directed North Shore Savings to provide information and input [to Ennis Knupp] on the following options: maintaining the transfer restrictions; removing the transfer restriction, but allowing the ability to immediately impose a restriction should the integrity of the SVF be in jeopardy; terminating the NSSA and transferring the assets to the SVF; or collapsing the NSSA under the umbrella of the SVF to remove any potential competing option.

Mr. Corchado pointed out that an FDIC product has to be part of the plan.

Mr. Ivanjack indicated that Ennis Knupp could comment on the above.

***ACTION BY: (Grimes) Lay over to receive a report from Ennis Knupp and any further information from Great West Retirement Services that would benefit the Committee in its decision on this matter. (Motion seconded by Ceschin.) 5-0***

**AYES:** Grimes, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

**NOES:** 0

6. 05DC6 Review of Select Committee on Deferred Compensation structure, Administrative Rules and role of the Milwaukee County Benefits Department as it relates to the Committee.

A-665

Ms. Britt indicated that she asked for this item to be scheduled. Many of her questions have been answered. She commented that the Deferred Compensation plan is part of the responsibility of the Benefits Department and she would like to have comfort in knowing that any decisions or any information that is transferred or translated from Great West Retirement Services or Ennis Knupp needs to come through the Benefits Department for review prior to any decision being made by the Committee.

Chairman Cady responded that the Department of Human Resources should have the benefit of all the materials that come through the Select Committee on Deferred Compensation and is kept up to date. However, he emphasized that the

## SCHEDULED ITEMS (CONTINUED):

Committee's decision is not up for review by the Department of Human Resources. The Department does have one member on the committee that can fully participate in any and all matters before the committee.

7. 05DC7 Discussion on Great West Retirement Services conducting a fiduciary workshop for Select Committee on Deferred Compensation members.

A-680

**APPEARANCES:**

Paul A. Corchado, Great West Retirement Services

Mr. Corchado asked if the Committee would be interested in a workshop on-site or in Chicago. If it would be in Chicago, other clients would be in attendance.

It was the consensus of the Committee to have the workshop conducted in-house.

Chairman Cady indicated he would coordinate with the Committee on possible dates for the workshop.

8. 04DC16 Fourth Quarter 2004 Performance Report from Ennis Knupp & Associates.

A-717

**APPEARANCES:**

Russell Ivanjack, Ennis Knupp & Associates

Mr. Ivanjack reviewed the fourth quarter performance report, including an overview of investment highlights. Included with the fourth quarter report was a "Milwaukee County Plan – Matrix of Changes." Mr. Ivanjack also provided Committee members with a performance update through February 28, 2005. Copies of the aforesaid reports are attached to the original of these minutes.

***The Committee took no action regarding these informational reports.***

9. 04DC17 Fourth Quarter 2004 Summary Report on Milwaukee County's Deferred Compensation Plan from Great West Retirement Services.

B-390

**APPEARANCES:**

N'Kenza Whitlow, Great West Retirement Services

Ms. Whitlow reviewed the fourth quarter summary report, a copy of which is attached to the original of these minutes.

***The Committee took no action regarding this informational report.***

**SCHEDULED ITEMS (CONTINUED):**

10. 05DC8      Scheduling of future meetings in 2005.

B-551      Discussion ensued regarding scheduling quarterly meetings for the remainder of 2005.

It was decided that the next meeting would be **Monday, May 9, 2005, at 1:30 p.m.** Meeting dates for the balance of the year are still under consideration.

The Committee was advised that Ennis Knupp would be holding client training sessions on April 20 and 21, 2005 at their offices in Chicago. Committee members were invited to attend.

<p><i>ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.</i></p>
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This meeting was recorded on tape. Committee files contain copies of the subject reports and communications, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 10:05 a.m. to 11:50 a.m.

Adjourned,

*Lauri Henning*

Chief Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347

Clerk: Lauri Henning, 278-4227

## **SELECT COMMITTEE ON DEFERRED COMPENSATION**

**Monday, May 9, 2005 – 1:30 p.m.**

**Milwaukee County Courthouse - Room 203-P**

### **M I N U T E S**

CASSETTE #6

Side A, #1-END; Side B, #1-#470

PRESENT: Mary Ann Grimes, Emily Van Dunk\*, Rick Ceschin, Veronica Britt and Steve Cady (Chair)

\*Ms Dunk was excused until the time of her arrival at 2:00 p.m.

### **SCHEDULED ITEMS:**

**\*\* CLOSED SESSION \*\***

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).**

1. 05DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

**There were no appeals.**

**\*\*\*\*\***

2. 05DC9 Communication from Great-West Retirement Services, dated October 20, 2004, regarding Milwaukee County Deferred Compensation Plan Fee and Program Enhancements for 2005.  
  
A-21 Chairman Cady explained that the subject letter, a copy of which is attached to the original of these minutes, came to his attention a couple of weeks ago. To him, the letter triggered the need to take a look at the administrative fees currently being paid by the County to the Third Party Administrator in order to help establish a budget for the Committee's review. As he was reviewing this matter, it raised a lot of questions for him and it challenged his basic understanding of the fee arrangement between the County and the Third Party Administrator. He felt it important that the Committee had a chance to look at this matter.

## SCHEDULED ITEMS (CONTINUED):

Chairman Cady advised that he has spoken with Jerome J. Heer, Director of Audits, who suggested it is time to do another review since it has been eight years since the last outside accounting review was done. As the newly elected Chairman of the Committee, he would certainly welcome such a review. He proceeded to ask the Committee to authorize a comprehensive outside audit of administrative fees charged by Great-West and collected from participant accounts. The scope is a little fluid at this time, but he would work with the Auditor to better define it. In general, the scope would be to:

- Examine the fee arrangement between Great-West and Milwaukee County between the beginning of the initial contract in 1994 until today.
- Audit transactions associated with the forfeiture account, which is used to collect fees and make disbursements on behalf of the Deferred Compensation plan.
- Offer possible suggestions, if any, to strengthen the financial oversight and control of the forfeiture account to ensure that all charges and disbursements are properly made.

Chairman Cady recommended that the Committee authorize an expenditure not-to-exceed \$45,000 to retain an outside accounting firm to perform this audit. He hopes to initiate this process quickly so the results of the audit are available at the Committee's next regularly scheduled meeting (July 18) or at a special meeting depending on the timing of the process.

While such expenditure does not require a formal RFP, Chairman Cady indicated that he would work with Corporation Counsel, the Procurement Division and the Department of Administrative Services to make sure at least three bids are received and that the selected firm would comply with Milwaukee County's DBE participation goal of 17%. The Auditor can assist in identifying firms that have done this kind of audit.

***ACTION BY: (Ceschin) Authorize an amount not-to-exceed \$45,000 for the purpose of retaining an outside accounting firm to review administrative fees charged by Great-West Retirement Services and to review the forfeiture account and all expenditures and revenues associated with that account. (Motion seconded by Grimes.) 4-0***

**AYES:** Grimes, Ceschin, Britt and Cady (Chair) – 4

**NOES:** 0

**EXCUSED:** Van Dunk



## SCHEDULED ITEMS (CONTINUED):

3. 05DC10 From Ennis Knupp & Associates, proposing termination of the INVESTigate service, resulting in a cost savings to Milwaukee County.

A-135 **APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates  
Paul A. Corchado, Great-West Retirement Services

A copy of the subject communication is attached to the original of these minutes.

Mr. Ivinjack advised that recent changes/enhancements in the services provided by Great-West Retirement Services has made INVESTigate obsolete, therefore, such service can be terminated at an annual savings to Milwaukee County of \$45,000.

***ACTION BY: (Ceschin) Terminate the INVESTigate service as recommended by Ennis Knupp & Associates. (Motion seconded by Britt.)***

Questions and comments ensued.

In response to a query by Chairman Cady, Mr. Ivinjack stated that the effective termination date should be March 31, 2005. He indicated that no new fees would be accrued after that date.

**Mr. Ceschin clarified his motion to terminate the INVESTigate service effective March 31, 2005. Ms. Britt accepted such clarification.**

**Vote: 4-0**

**AYES:** Grimes, Ceschin, Britt and Cady (Chair) – 4

**NOES:** 0

**EXCUSED:** Van Dunk

4. 05DC4 From Great-West Retirement Services, recommending termination of the Vanguard Institutional Index Fund and Vanguard Total Stock Market Index Fund as investment options to be replaced with four new Barclay's Global Investors (BGI) index funds. **(Laid over 3/21/05 for additional information) (REPORTS FROM ENNIS KNUPP & ASSOCIATES AND GREAT-WEST RETIREMENT SERVICES)**

A-210 **APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates  
Paul A. Corchado, Great-West Retirement Services

## SCHEDULED ITEMS (CONTINUED):

Ennis Knupp & Associates submitted a report, dated April 29, 2005, a copy of which is attached to the original of these minutes. Mr. Ivinjack commented briefly. Ms. Nicholson followed with a review of the said report. She concluded by stating that Ennis Knupp would support the inclusion of the Vanguard Small Cap Index Fund and the Vanguard Total International Stock Market Index Fund as investment options in Milwaukee County's deferred compensation plan should the Committee decide to move forward with adding new funds to the plan.

Great-West Retirement Services submitted a report, dated May 4, 2005, a copy of which is attached to the original of these minutes. Mr. Corchado expressed support for the recommendation of Ennis Knupp & Associates. Based on the investment minimum, Great-West can make the Investor Share class of the aforesaid funds. He recommended that the funds be added as soon as administratively possible and communicated to participants after the funds have been added to the record keeping system. He pointed out that the investment advisory service will be interrupted for 7-10 business days as the fund line-up will have to be re-evaluated by Ibbotson Associates.

Discussion ensued regarding the process and timeframe of transitioning from the Investor Share class to the Admiral Share class.

***ACTION BY: (Ceschin) Approve the immediate addition of the Vanguard Small Cap Index Fund and the Vanguard Total International Stock Market Index Fund – Investor Share class, with the understanding that participants will be notified accordingly. (Motion seconded by Grimes.)***

Mr. Corchado advised that the funds would be added effective May 16, 2005, the fund line-up would then be re-evaluated by Ibbotson Associates, after which participants would be notified.

### **Vote: 4-0**

**AYES:** Grimes, Ceschin, Britt and Cady (Chair) – 4

**NOES:** 0

**EXCUSED:** Van Dunk

5. 05DC11 From Ennis Knupp & Associates, providing an analysis of the Lord Abbett Developing Growth Fund.

A-370

### **APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates

## SCHEDULED ITEMS (CONTINUED):

Mr. Ivinjack reviewed the subject report, a copy of which is attached to the original of these minutes. He concluded his review by stating that Ennis Knupp will continue to monitor this investment option.

***The Committee took no action regarding this informational report.***

6. 05DC5 Discussion and possible action on opening of window to allow participants the ability to transfer assets from the Stable Value Fund to the investment options of their choice without restriction. **(Laid over 3/21/05 for a report from Ennis Knupp & Associates and further information from Great-West Retirement Services) (REPORTS FROM ENNIS KNUPP & ASSOCIATES AND GREAT-WEST RETIREMENT SERVICES)**

A-455 **APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates  
Paul A. Corchado, Great-West Retirement Services

Ennis Knupp & Associates and Great-West Retirement Services submitted reports, both dated May 4, 2005, copies of which are attached to the original of these minutes.

The transfer restriction on the Stable Value Fund prevents participants from moving more than 25% of their assets out of the fund in any given transfer period. Ms. Nicholson explained that the restriction was originally put in place to restore the back-end load that was charged by the previous provider of the Stable Value Fund and to protect the Stable Value Fund from transfers to the North Shore Savings Account. In 2004, the back-end load was paid off, giving the Committee the ability to remove the transfer restriction from the Stable Value Fund. Ennis Knupp favors giving participants as much control over their deferred compensation assets as possible. As such, Ennis Knupp recommends that the Committee remove the transfer restriction while retaining the ability to re-impose a transfer restriction if the Stable Value Fund were ever in jeopardy caused by significant outflows.

Mr. Corchado expressed support for removal of the transfer restriction, but requested the ability to again impose a restriction should the interest rate environment become unfavorable, or participant transfers out exceed deposits and transfers in.

Discussion ensued regarding the criteria that would be used in deciding to re-impose a transfer restriction and the mechanism for so doing. Committee members expressed the importance of advising participants that a transfer restriction may be re-imposed based on such criteria.

**SCHEDULED ITEMS (CONTINUED):**

***ACTION BY: (Grimes) Approve lifting the transfer restriction on the Stable Value Fund as soon as practicable, with the understanding that the Committee could again impose a restriction on the account if so needed. In addition, refer to Great-West Retirement Services and Ennis Knupp & Associates to suggest criteria to help develop guidelines at a later time. (Motion seconded by Ceschin.) 5-0***

**AYES:** Grimes, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

**NOES:** 0

7. 05DC12 From Ennis Knupp & Associates, regarding NASD directed brokerage complaint against American Funds distributors.

A-575

**APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates

Ms. Nicholson reviewed the subject report, a copy of which is attached to the original minutes. Mr. Ivinjack commented briefly.

Questions ensued.

***The Committee took no action regarding this informational report.***

8. 05DC3 From Great-West Retirement Services, regarding implementation of the new investment advisory service - Reality Investing. (*Requested at the 3/21/05 meeting.*)

A-710

**APPEARANCE:**

N'Kenza Whitlow, Great-West Retirement Services

Ms. Whitlow verbally reported that Reality Investing was implemented on April 15, 2005. Thus far, 11 people have joined into the managed account, many of who are new enrollees. There are 9 individuals using the investment guidance area. No one is using the advice area at this time.

Ms. Whitlow advised that she is in the process of scheduling presentations throughout Milwaukee County regarding Reality Investing and is dedicating Tuesdays for that purpose. She provided the Committee with a copy of a notice that was sent to participants via Lotus Notes announcing the new investment service, a copy of which is attached to the original of these minutes.

Chairman Cady stated that the Committee would be asking for further updates throughout the year.

## SCHEDULED ITEMS (CONTINUED):

9. 05DC13 First Quarter 2005 Performance Report from Ennis Knupp & Associates.

B-5

**APPEARANCES:**

Russell Ivinjack and Laurel Nicholson, Ennis Knupp & Associates

Ms. Nicholson gave an overview of the market environment through March 31, 2005, as set forth in the subject report, a copy of which is attached to the original of these minutes. She verbally updated the Committee as to the market performance in April as well as the first week in May. Thereafter, she proceeded to give an overview of the Milwaukee County Plan performance for the first quarter of 2005.

***The Committee took no action regarding this informational report.***

10. 05DC14 First Quarter 2005 Summary Report on Milwaukee County's Deferred Compensation Plan from Great-West Retirement Services.

B-290

**APPEARANCES:**

N'Kenza Whitlow, Great-West Retirement Services

Paul A. Corchado, Great-West Retirement Services

Ms. Whitlow reviewed the subject report, a copy of which is attached to the original of these minutes.

Questions ensued, including a request by Chairman Cady that future reports include the total number of participant accounts.

Mr. Corchado indicated that he would provide to Committee members a copy of Great-West's Annual Plan Review.

***The Committee took no action regarding this informational report.***

11. 05DC15 Continuing Education: National Association of Government Defined Contribution Administrators (NAGDCA) 2005 Annual Conference – September 17-21, 2005.

B-410

***ACTION BY: (Grimes) Grant approval to those Committee members that can attend the NAGDCA conference to do so, the expenses for which would be paid for by deferred compensation funds. In addition, allow the Chairman of the Select Committee on Deferred Compensation to procure educational brochures, manuals, etc. for distribution to Committee members. (Motion seconded by Ceschin.) 5-0***

**AYES:** Grimes, Van Dunk, Ceschin, Britt and Cady (Chair) – 5

**NOES:** 0

**SCHEDULED ITEMS (CONTINUED):**

12. 05DC16 Upcoming meetings:

- Monday, July 18, 2005, 9:00 a.m.
- Monday, November 14, 2005, 9:00 a.m.
- Monday, February 13, 2006, 9:00 a.m.

*ADA accommodation requests should be filed with the Milwaukee County Executive Office for Persons with Disabilities, 278-3932 (voice) or 278-3937 (TTD), upon receipt of this notice.*

This meeting was recorded on tape. Committee files contain copies of the subject reports and communications, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of Meeting: 1:35 p.m. to 3:00 pm.

Adjourned,

*Lauri Henning*

Chief Committee Clerk

Select Committee on Deferred Compensation

Chairperson: Steve Cady, 278-4347  
Committee Clerk Delores "Dee" Hervey, 278-4230

**COMMITTEE ON DEFERRED COMPENSATION**  
**Monday, July 18, 2005 – 9:00 A.M.**

**Milwaukee County Courthouse – Room 203-P**

**M I N U T E S**

**CASSETTE #**  
**Side A, #1-END; Side B, #1-120**

**PRESENT:** Mary Ann Grimes, Emily Van Dunk, Rick Ceschin, Veronica Britt and Steve Cady (Chair)

**SCHEDULED ITEMS:**

**\*\*CLOSED SESSION\*\***

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.95(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).**

1. 05DC1 Appeal (s) from deferred compensation participant (s) of decisions regarding Request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

**There were no appeals.**

**\* \* \* \* \***

2. 05DC17 Communication from Great-West Retirement Services dated June 15, 2005, Regarding Milwaukee County Deferred Compensation Plan Fee and Program Enhancements for 2005.

A. Proposal to reduce Plan Administration Fees effective January 1, 2005.

**Select Committee on Deferred Compensation**  
**July 18, 2005**

## **SCHEDULED ITEMS (CONTINUED):**

**#31**                      **APPEARANCE:** Darryl Collier, Assistant Vice President, Great-West Retirement Services

Chairman Cady indicated that the item before the Committee was a response from Great-West Retirement Services from Assistant Vice President Darryl Collier. Mr. Collier had flown in from Colorado to join the Committee. (A copy of the said report is contained in the subject file).

with                      The letter addresses the confusion of the **fee basis** (fixed fee or asset fee) and the **level of the fee** after 1999. Great-West has agreed with the analysis of the Committee that it is a fixed participant fee and has agreed to credit our forfeiture account. In addition, they have offered to reduce the fixed participant fee by 10%, retroactive to January 1, 2005, which is consistent the communication on the agenda last time. Chairman Cady stated he was pleased with the way Great-West has handled this matter.

Mr. Collier thanked the Committee and will work to redraft the contractual language regarding fees so that it is easier to understand for all parties.

**#116**                      Chairman Cady indicated that at the May 9<sup>th</sup> meeting the Committee authorized to spend \$45,000 to conduct an audit on the administration of the fees with Great-West and Milwaukee County. It has been difficult to provide a scope pending the outcome of the fee dispute with Great-West, and therefore no outside auditor has been retained at this time. Chairman Cady will be working with the County Auditor to draft some suggested scope to take a test of some fees throughout the year because each transaction has a fee. This would be a modified scope of what the Committee requested and perhaps come back with a recommendation that there be an annual audit of the fees in testing various transaction throughout the year. Chairman Cady has already started looking at what other deferred compensation plans around the country are doing. And they usually have a more formal audit review process versus what Milwaukee County has in place.

**No action was required on Item 2A.**

**#150**                      Chairman Cady indicated that the Committee needed to discuss and take action on 2B by making a motion to accept the reduced fee from \$82.00 to \$73.80 per participant effective January 1, 2005.



**SCHEDULED ITEMS (CONTINUED):**

**ACTION BY: (Ceschin) Accept the offer by Great-West to reduce the current fee from \$82.00 to \$73.80 per participant effective January 1, 2005 with the understanding that Great West, legal representatives and the Chairman Cady will work on the redrafting the fee portion of the contractual agreement with Great-West and bring it back to the next committee meeting (11/14/05) for review and approval. (Motion seconded by Britt.) 5-0**

**AYES:** Grimes, Van Dunk, Ceschin, Britt, and Cady (Chair)-5

**NOES:** 0

3. 05DC18 Proposed Letter of Engagement with Reinhart Boerner Van Deuren, S.C. for the Provision of legal services for the Milwaukee County Deferred Compensation Plan.

**#206**

Chairman Cady indicated that the Committee had before him is a suggested contract from Milwaukee County with Reinhart for legal services. Since 2001 under the Reinhart agreement, only \$10,100 of legal services has been expended thus far. It is not a large contract and only used as needed. (A copy of the said report is contained in the subject file).

Chairman Cady indicated that anytime the Committee does anything with a legal impact, he recommends that it go back to our legal representative to review and make any suggested modifications.

**#239**

**ACTION BY: (Ceschin) Moved to approve Professional Services Agreement between Reinhart Boerner Van Deuren, S.C. and Milwaukee County Select Committee on Deferred Compensation. (Motion seconded by Grimes) 5-0**

**AYES:** Grimes, Van Dunk, Ceschin, Britt, and Cady (Chair)-5

**NOES:** 0

4. 05DC19 From Reinhart Boerner Van Deuren, S.C., recommending revisions to the Milwaukee County Plan of Deferred Compensation Document.

**#245**

Chairman Cady gave a summary of the said item. He indicated that the action by the Committee would be to approve the said 457 Plan Revisions and it would be the binding document. (A copy of the said report is contained in the subject file).

## SCHEDULED ITEMS (CONTINUED):

### **APPEARANCE(S):**

N'Kenza Whitlow, Great-West Retirement Services

**ACTION BY: (Ceschin) Moved to accept the proposed changes to the Milwaukee County Plan of Deferred Compensation for compliance with the final regulations for 457 plans issued by the Internal Revenue Service**

Ms. Britt asked for clarity on hardship distributions. Ms. Whitlow gave an explanation.

**On the motion to approve. 5-0 (Motion seconded by Grimes)**

**AYES:** Grimes, Van Dunk, Ceschin, Britt, and Cady (Chair)-5

**NOES:** 0

5. 05DC20 Discussion of transfer restriction associated with the Stable Value Fund. **(Memos from Ennis Knupp and Associates and Great-West Retirement Services)**

**#338**

### **APPEARANCE(s):**

Paul A. Corchado, Great-West Retirement Services

Chairman Cady gave a brief update. The restriction has been lifted as of July 1, 2005 and participants can transfer their entire balance out of the Stable Value Fund into other investment options.

Discussion ensued.

**The Committee took no action taken on this informational report.**

6. 05DC21 Second Quarter 2005 Performance Report from Ennis Knupp & Associates.

**#384**

### **APPEARANCE(s):**

Russ Ivinjack, Ennis Knupp & Associates

Maneesha Mukhi, Ennis Knupp & Associates

Both Mr. Ivinjack and Ms. Mukhi gave highlights of the said Second Quarter 2005 Performance Report, a copy of which is attached to the original of these minutes.

**SCHEDULED ITEMS (CONTINUED):**

Questions and comments ensued.

**The Committee took no action regarding this informational report.**

7. 05DC22 Second Quarter 2005 Summary Report on Milwaukee County's Deferred Compensation Plan from Great-West Retirement Services.

**#710-EOT APPEARANCE(S):**

N'Kenza Whitlow, Great West Retirement Services

Ms. Whitlow gave an update on the Second Quarter Summary (April 1, 2005-June 30, 2005) Milwaukee County 457 (b) Deferred Compensation Plan.

**The Committee took no action regarding this informational report.**

- #110** Mr. Cady thanked Dee Hervey for sitting in on behalf of Lauri Henning, Chief Committee Clerk.

8. 05DC23 Upcoming meetings:

- Monday, November 14, 2005, 9:00 a.m.
- Monday, February 12, 2006, 9:00 a.m.

The next meeting is scheduled for November 14, 2005 at 9:00 a.m.

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This meeting was recorded on tape. Committee files contain copies of the subject reports and communications, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:00 a.m. to 10:10 a.m.

Adjourned,

Delores "Dee" Hervey, Committee Clerk  
Select Committee on Deferred Compensation

**SCHEDULED ITEMS (CONTINUED):**

Chairperson: Steve Cady, 278-4347

Clerk: Jodi Mapp, 278-4073

## **SELECT COMMITTEE ON DEFERRED COMPENSATION**

**MONDAY, NOVEMBER 14, 2005 - 9:00 a.m.**

**Milwaukee County Courthouse - Room 203-P**

### **MINUTES**

CASSETTE #: **7; Side B, 120 to EOT**  
**8; Side A, 001 to EOT**  
**8; Side B, 001 to 180**

PRESENT: Mary Ann Grimes, Emily Van Dunk\*, Rick Ceschin, and Steve Cady (Chair)

EXCUSED: \*Emily Van Dunk was excused at 11:00 a.m.

ABSENT: Veronica Britt

### **SCHEDULED ITEMS:**

#### **\*\* CLOSED SESSION \*\***

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(f), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).**

1. 05DC1 Appeal(s) from deferred compensation participant(s) of decisions regarding request(s) for hardship withdrawal(s) of funds from Milwaukee County's Deferred Compensation Plan.

#7/B-133 **There were no appeals.**

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2. 05DC24 A. Engagement with Virchow Krause & Company for fee reconciliation review of third party administrator charges. **(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

B-148 **APPEARANCES:**  
Jerome Heer, Director of Audits

## SCHEDULED ITEMS (CONTINUED):

Chairman Cady explained that the correspondence provided (copy attached to original minutes) that coincides with this item is an engagement letter from Virchow Krause & Company to do a review of the fee reconciliation that was previously authorized by the committee earlier this year. This letter of engagement includes a proposal to review the fees that have been charged by Great-West between 1994 through 2004. Updates are forthcoming as they relate to 2005. Initially, an RFP (Request for Proposal) was done to three other firms (Ernst & Young, Deloitte Touche, and KPMG), however, due to a variety of reasons, they declined to participate. Chairman Cady further explained that as far as a timeline is concerned, Virchow Krause & Company hopes to get going in the next couple of weeks and, according to their response, would like to have this completed in December before the holidays. In light of the fee schedule, Chairman Cady indicated that he will obtain the information from Virchow Krause and share it with the Committee.

B-170

Mr. Heer indicated that the agreed upon procedures engagement and the fee is reasonable. However, in speaking with Corporation Counsel, there is a legitimate concern about the clause that states that if there is a problem with the data, the fee could increase from \$15,000.00 to \$20,000.00. Mr. Heer stated that it would be appropriate to have Virchow Krause & Company provide a rate sheet. Should their engagement put them over the \$15,000.00 threshold, there would be a foundation for their billable hours.

Chairman Cady directed a follow-up information report be prepared including information on the hourly rate for billing over the \$15,000.00 threshold. The information will be furnished to committee members as soon as it is available.

***The Committee took no action regarding this informational report.***

- B. Proposed Contract Amendment with Great-West Retirement Services regarding Plan Administration Fees and Reconciliation Procedures.

B-255

Chairman Cady explained that the information on this item (copy attached to original minutes) includes the original contract and the rewrite regarding an offer from Great-West to reduce their per participant fee by 10%. At that time, it was decided to rewrite the fee portion of the contract that has been in place since 1994 and amended once in 1996. The rewrite will only replace Section 7 of the contract relating to fees. This proposed contract has been referred to the Committee's legal counsel, who indicated they were comfortable with the contract except for one suggested change. That change is to replace the term "Plan Sponsor" to the word "County." The contract would be effective retroactive to January 1, 2005.

## SCHEDULED ITEMS (CONTINUED):

**ACTION BY: (Ceschin) Approve. (Motion seconded by Van Dunk.) 4-0**

**AYES:** Grimes, Van Dunk, Ceschin, and Cady (Chair) – 4

**NOES:** 0

Chairman Cady explained that due to the late arrival of representatives from Enis Knupp and Associates, items 3, 4, 5, and 6 would be temporarily laid over pending their appearances. After finishing items 7A & 7B, the meeting proceeded with item 3 and continued in chronological order.

3. 05DC25 From Ennis Knupp and Associates, recommending revisions to the Statement of Investment Policy and Investment Guidelines of the Milwaukee County Plan of Deferred Compensation.

B-661 **APPEARANCES:**  
Russ Ivinjack, Ennis Knupp and Associates

Mr. Ivinjack gave an overview of the Statement of Investment Policy (copy attached to original minutes), which included two copies. One was a clean, finished, streamlined version and the other reflected the changes that were made. Mr. Ivinjack covered the key points of the policy and explained that the major change reflects taking out individual manager guidelines and in a summary format, have a table that lists out each of the options which are as follows: who the investment manager is, the performance benchmark, and the objective. He continued by explaining peer group analysis.

Mr. Ivinjack further stated that the main objective for doing this was to simplify it and take out individual guidelines for each of the managers. He indicated that the prior guidelines for any of the mutual funds that were in place before were really a replication of what was included in the prospectus. They felt it was easier to create one streamline table that recognizes that the managers are expected to abide by their prospectus guidelines. Instead of laying it out individually on each page, it was done in a comprehensive fashion.

Questions and comments ensued.

- #8/A-008 Chairman Cady questioned if the Committee adopted this investment policy, would that be a diminishment of its fiduciary oversight of maintaining the funds or providing a cohesive or comprehensive investment policy and guidelines.

Mr. Ivinjack answered that they don't think so. He went on to state that how you're going to evaluate them over various periods of time is laid out in the guidelines, and the reduction in the policy itself is a reflection of individual manager guidelines. He indicated that everything else is fairly similar in terms of what was previously in place. Mr. Ivinjack confirmed that the guidelines being

## SCHEDULED ITEMS (CONTINUED):

presented are consistent with other guidelines that have been seen for other deferred compensation plans.

***ACTION BY: (Ceshin) Approve.***

Ms. Van Dunk requested more time to further review the policy, after which Mr. Ceschin withdrew his motion. Chairman Cady, with no objections, ordered the item laid over to the next scheduled meeting.

4. 05DC26 From Ennis Knupp and Associates, regarding eligibility for another class of shares for the Vanguard Small Cap Index Fund and Vanguard Total Stock Market Index Fund that provide lower expense ratios.

A-097 **APPEARANCES:**

Russ Ivinjack, Ennis Knupp and Associates  
Maneesha Mukhi, Ennis Knupp and Associates  
Paul Corchado, Great-West Retirement Services

Chairman Cady commented that there are two reports for this item, one from Ennis Knupp and Associates and one from Great-West (copies attached to original minutes).

Ms. Mukhi explained the lowering of minimum funding requirements for institutional share class from \$10 million to \$5 million and Admiral share class from \$250,000.00 to \$100,000.00, which was effective early June 2005. This change affected two of the participants' funds, which are the Total Stock Market Index Fund and the Small Cap Index Fund. Ms. Mukhi indicated that previously participants were allowed to invest in the Admiral share classes of the Total Stock Market Index Fund. With these new changes, they can now invest in the institutional share class.

Mr. Corchado noted corrections that should be made to the Great-West report. Those changes are as follows: at the top of Page 2, the date effective should be changed from April 18, 2005 to **December 28, 2005**. At the bottom of Page 2 in the second sentence, City should be changed to **Milwaukee County**, at the top of Page 3 in the third sentence County should be changed to **Milwaukee County**, and Page 3 under the heading enumerated 6., County should be changed to **Milwaukee County**.

***ACTION BY: (Ceschin) Accept lower expense share class funds and approve the migration as outlined in the Great-West document effective December 28, 2005. 4-0***



**SCHEDULED ITEMS (CONTINUED):**

**AYES:** Grimes, Van Dunk, Ceschin, and Cady (Chair) – 4  
**NOES:** 0

5. 05DC27 Third Quarter 2005 Performance Report from Ennis Knupp and Associates.  
**(INFORMATIONAL, UNLESS OTHERWISE DIRECTD BY THE COMMITTEE)**

A-195 **APPEARANCES:**  
Russ Ivinjack, Ennis Knupp and Associates  
Maneesha Mukhi, Ennis Knupp and Associates

Both Mr. Ivinjack and Ms. Mukhi gave the Committee an update on the Third Quarter Performance Report (copy attached to the original minutes) emphasizing the areas of Market Environment, Fixed Income Funds, and Balanced Funds.

Questions and comments ensued.

Chairman Cady asked if there was anything in the report that indicates if there have been any transfers out of the stable value fund due to the restriction being lifted earlier this year. Mr. Ivinjack responded that that has not been a concern, but a report could be run from June through now to track all of the outflows and where they went.

***The Committee took no action regarding this informational report.***

**\*\* CLOSED SESSION \*\***

**The Committee may adjourn into closed session under the provisions of Wisconsin Statutes, Section 19.85(1)(e), for the purpose of discussing the following matter(s). The Committee may reconvene into open session to take whatever action(s) it may deem necessary on the said matter(s).**

6. 05DC28 From Ennis Knupp and Associates, regarding renewal of its consulting contract for the period October 1, 2005 through September 30, 2006.

A-507 ***ACTION BY: (Van Dunk) Adjourn into closed session.***

Chairman Cady entertained Ms. Van Dunk's motion to adjourn into closed session citing Wisconsin State Statute Section 19.85(1)(e). With no objections, it was so ordered by the Chairman.

**ROLL CALL UPON RECONVENING INTO OPEN SESSION:**

PRESENT: Mary Ann Grimes, Emily Van Dunk, Rick Ceschin, and Steve Cady (Chair)

**SCHEDULED ITEMS (CONTINUED):**

ABSENT: Veronica Britt

Chairman Cady indicated that the meeting had reconvened back into open session regarding the Ennis Knupp and Associates annual contract renewal as of October 1, 2005.

***ACTION BY: (Grimes) Approve. 4-0***

***AYES:*** Grimes, Van Dunk, Ceschin, and Cady (Chair) – 4

***NOES:*** 0

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7. 05DC29 A. Second Quarter 2005 Summary Report on Milwaukee County's Deferred Compensation Plan from Great-West Retirement Services.  
**(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

B-304

**APPEARANCES:**

Paul Corchado, Great-West Retirement Services

Mr. Corchado gave a brief presentation and explanation touching upon the highlights of the annual report (copy attached to original minutes). Mr. Corchado indicated that this document will be phased out and a new, more County friendly document will be produced for next year. Mr. Corchado went over the numbers of the plan relating to total assets; contributions (roll over contributions)/contribution history; distributions; net investment gain for the year; diversification; participant numbers, demographics, options, and balance; etc.

Questions and comments ensued.

Mr. Corchado went on to explain KeyTalk Statistics and Internet Statistics which refers to inquiries and how people are contacting Great-West. He touched base on Investment Overview and Fund Performance Review.

***The Committee took no action regarding this informational report.***

- B. Third Quarter 2005 Summary Report on Milwaukee County's Deferred Compensation Plan from Great-West Retirement Services.  
**(INFORMATIONAL, UNLESS OTHERWISE DIRECTED BY THE COMMITTEE)**

## SCHEDULED ITEMS (CONTINUED):

B-527

### **APPEARANCES:**

Tony Breitrick, Great-West Retirement Services  
Duane Jeffers, Great-West Retirement Services

Mr. Breitrick began by referring everyone to the 3<sup>rd</sup> Quarter Summary Report (copy attached to the original minutes), Page 3. The heading reads Executive Summary as of September 30, 2005. A correction was made to the Quarterly Contributions total. The change should reflect **\$2,882,437.28**. Mr. Breitrick explained the numbers for the Quarterly Contributions total in this report differ from the numbers in the 2<sup>nd</sup> Quarter Summary Report due to the significantly lower amount of rollovers from backdrop participants this quarter compared to the last. Mr. Breitrick continued to do a comparison between the second and third quarter summaries for the Committee, including year to date enrollment information. Mr. Breitrick indicated that a campaign has been launched to boost new enrollment.

Chairman Cady requested that Great-West include in its report to the Committee at the end of each quarter the actual official number of participants as it relates to the fee being paid which will offer a foundation as to what Great-West will be basing its bill on.

Responding to a question by Ms. Van Dunk, Mr. Jeffers indicated that Great-West is undertaking a new initiative that they're calling their report card, which focuses on four different dimensional aspects of participation and allows them to get demographic information to identify by gender, department, age, etc., and campaigns will be targeted around this information for 2006. Ms. Van Dunk requested that information from Great-West regarding demographic information on enrollees.

Chairman Cady stated that in the future, this Committee should take a look at how deferred compensation is going to interface with the new payroll system, Ceridian, and how Ceridian will interface with Great-West. The Chairman indicated that they will be sitting down with representatives of those groups to talk about any new enhancements that may be available because of the new internet based payroll system that the County will be utilizing in 2006. He requested Great-West to provide informational reports monthly to the Committee regarding fees and billing numbers.

***The Committee took no action regarding this informational report.***

8. 05DC30 From Great-West Retirement Services, regarding preferred method of response to abusive trading by Plan participants.

## SCHEDULED ITEMS (CONTINUED):

A-536

### **APPEARANCES:**

Paul Corchado, Great-West Retirement Services

Tony Breitrick, Great-West Retirement Services

Duane Jeffers, Great-West Retirement Services

Chairman Cady referred the Committee to the communication from Great-West (copy attached to the original minutes) requesting that the Committee select what would be the best method of response to any individual cases of abusive trading.

Mr. Corchado explained that this would apply to participants moving in and out of funds on a daily basis. The action taken would begin by the individual receiving a cease and desist letter in which they're asked to either reduce their trading or their trading would be reduced to paper based. Mr. Corchado continued by going over the various options of restrictions for the Committee.

Chairman Cady expressed concern about what the definition of abusive trading is. Mr. Corchado and Mr. Jeffers explained that the term abusive trading would be defined by whatever the mutual fund prospectus definition is and could make the prospectuses available to the Committee if necessary.

***ACTION BY: (Grimes) Lay over and direct Ennis Knupp and Great-West to bring back options that are defined and less restrictive.***

Ms. Grimes requested to lay over the item citing that all the options appear to be pretty harsh. She suggested the document be looked at by our outside legal counsel; Ennis Knupp and Associates should review the document; and Great-West should take another look at the issue and offer a less restrictive option. Chairman Cady, with no objections, ordered the item laid over to the next scheduled meeting and directed information provided to be an amendment to the Plan document.

9. 05DC31 Update on Reality Investing roll-out from Great-West Retirement Services.

A-676

### **APPEARANCES:**

Tony Breitrick, Great-West Retirement Services

Paul Corchado, Great-West Retirement Services

Mr. Breitrick gave a comprehensive overview and update on Reality Investing which included the most recent numbers as of Monday, November 7, 2005 covering the categories of Advice, Guidance, and Managed Account Option. Mr. Breitrick identified the demographics (age and gender) of the participants for these categories.

Chairman Cady expressed concern that there's no way for Milwaukee County

## SCHEDULED ITEMS (CONTINUED):

participants to find out what the fee schedule for these three options are if they use the website. He indicated that he was told by Great-West that this was going to be looked at, but the website has not yet been updated. Mr. Corchado confirmed that that information is not yet available on the website but stated that they will look into this issue. Chairman Cady informed the Committee that he would be directing a letter to Great-West making an official record relating concerns about the fees and disclosures citing that it is first and foremost that people see exactly what it's going to cost to utilize these options. Committee members voiced support for a formal letter to be drafted by the Chairman to Great-West Retirement Services regarding the disclosure of Reality Investing fees to Plan participants. The Chairman also indicated the he would like Ennis Knupp and Associates to inform the Committee about its fiduciary duty to provide some sort of education to the plan participants.

***The Committee took no action regarding this informational report.***

10. 05DC32 Next Regular Meeting:

- Monday, February 13, 2006 – 9:00 a.m.

B-161 The next scheduled meeting is February 13, 2006. However, Chairman Cady indicated that he would like to coordinate with the Committee future meeting dates in 2006 to help the Committee plan its schedule and also for the outside consultants who have to prepare many of the quarterly reports. This will give them a better idea of when they might be needed to be in Milwaukee. The Chairman also indicated that there might be a need for a special meeting prior to the next regular scheduled meeting to address the anticipated completion of the review of the fee reconciliation by Virchow Krause & Company and any other matters that require the Committee's review and consideration.

This meeting was recorded on tape. Committee files contain copies of the subject reports and communications, which may be reviewed upon request to the Chief Committee Clerk. The official copy of these minutes is available in the County Board Committee Services Division.

Length of meeting: 9:10 a.m. to 11:15 a.m.

Adjourned,

*Jodi Knapp*

Committee Clerk

Select Committee on Deferred Compensation